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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/678,476	10/03/2003	Michael W. Smith	GAR-101	3350
20028	7590	12/23/2008	EXAMINER	
Lipsitz & McAllister, LLC			PATS, JUSTIN	
755 MAIN STREET			ART UNIT	
MONROE, CT 06468			PAPER NUMBER	
			3623	
			MAIL DATE	
			DELIVERY MODE	
			12/23/2008	
			PAPER	

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/678,476	Applicant(s) SMITH ET AL.	
	Examiner JUSTIN M. PATS	Art Unit 3623	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 26 September 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-58 and 60 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-58 and 60 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) ☒ Notice of References Cited (PTO-892) | 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) ☐ Notice of Informal Patent Application |
| 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) ☐ Other: _____ |

DETAILED ACTION

Notice to Applicant

1. The following is a Final office action. In response to Examiner's communication of 6/24/08, Applicant, on 9/26/08, amended claims 1–3, 7, 13, 51, and 60. Applicant also cancelled claim 59. Claims 1–58 and 60 are pending in this application and have been rejected below.

Response to Amendment

2. The rejection of claim 1 under 35 U.S.C. 101 is hereby removed in light of Applicant's amendments of 9/26/08.

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 1–58, and 60 are rejected under 35 U.S.C. 103(a) as being unpatentable over a public use of SCOR metrics, as evidenced by Bolstorff, *How does SCOR measure up? A user perspective on SCOR metrics*, Supply Chain Technology News, March 2002, pg. 22–25, in view of Morgan, *Customer-focused scorecards: Measuring the right things*, Quality Congress. ASQ's Congress Proceeding, 2000, pg. 735–742, further in view of further in view of Sheets, *Evaluating Beef Cattle Performance for a Register of Merit*, The American Society of Animal Production, 1933, pg. 41–47, further in view of Huang et al., U.S. Patent No. 5,953,707 [hereinafter Huang].

6. As per claim 1, SCOR teaches a method for evaluation of business performance, comprising: dividing actionable activities of a business into a plurality of business aspects (Bolstorff, pg. 23, The Scorecard Template, col. 1, dividing actionable activities into customer facing, internal facing, and shareholder facing); establishing a plurality of measures for each business aspect, each of said measures comprising a set of related actionable activities for a respective business aspect (*id.* col. 2, Performance Attribute or Category); establishing a plurality of prime measures for each measure, each of said

prime measures quantifying one or more actionable activities from said set of related actionable activities (*id.* col. 3, Level 1 Performance Metrics); and calculating a value of at least one of said prime measures to provide an indication of said business performance (Bolstorff, pg. 22, “For each Level 1 performance metric , the template includes a working definition benchmark sources, main Level 2 components, main Level 3 components, and a simple data query used to calculate the actual performance”; *see also* Bolstorff, pg. 23, col. 3, Working Definitions, especially Internal facing and Shareholder facing, which discuss how certain performance measure values are calculated).

SCOR does not explicitly teach the remaining limitations of claim 1. Morgan teaches in the analogous art of scorecard performance measurements selecting more than one of a plurality of prime measures, calculating values of the selected prime measures, converting any non-index-based prime measure values to index-based prime measure values (pg. 737–738, How ISC’s Performance was Assessed, especially Figs. 1–2, pg. 737, “Each month, the managers reported actual performance to the ISC quality manager who verified the integrity of the data, compiled the inputs ,and calculated the scores using the performance scales and customer-defined weights”, and pg. 738, “Every month, actual performance was converted to a common 100 -point score using the performance scale for the metric.”); and calculating a value of an aggregate measure based on these indexed prime measures, wherein if predetermined prime measures are selected, weighting factors are applied to said predetermined prime measures prior to summation (*id.* at 738, “Each score was multiplied by its customer-defined weight to yield a weighted score. Weighted scores for all category metrics were added together to yield an overall monthly score.” See also Fig. 2, displaying overall service performance scores.).

It would have been obvious to one having ordinary skill in the art at the time of the invention to modify SCOR for the benefit of enhanced understanding of company's overall state as well as a benchmark which will aid an organization in taking expedient steps towards improving their processes.

SCOR in view of Morgan does not explicitly teach calculating a value of at least one aggregate measure *by multiplying* said values of each of the prime measures for that aggregate measure together to provide an indication of business performance. However, Official Notice was taken in a previous office action, and not since traversed, that it was old and well known in the art to multiply individual values to calculate an overall composite value. Evidencing this notion is Sheets, in the analogous art of performance measurement techniques (pg. 42, "These two scores, the one for efficiency, the other for quality, we multiply together to arrive at a single value for performance, also multiplying by a purely arbitrary factor "k," which we have set at .065 in order that our final score may fall somewhere between 60 and 100, which is the scale on which we are accustomed to judging."). It would have been obvious to one having ordinary skill in the art at the time of the invention to modify SCOR in view of Morgan to include this feature to produce a predictable result that provides the user an enhanced view of overall process performance and a uniform, easy to calculate standard for comparison across one or more enterprises or aspects thereof. For further motivation, see also Sheets, pg. 42–43, "This system of multiplying the two performance scores of an animal together instead of attempting to weigh them for an average seems to have certain advantages. For one thing, it accentuates differences among animals, which should enable us to detect more readily the best. Moreover it seems to evaluate an animal's worth as would happen on a dollar-

and-cents basis in practice. One might say, if an animal rated an 80 in feedlot performance and 80 again in quality of carcass performance on the market, that it is an "80" animal. Yet that animal has been 20 points short of our ideal in two respects, each of which is costly to the farmer's pocketbook, and we feel that we should set our sights high and fault him accordingly."

SCOR in view of Morgan further in view of Sheets does not explicitly teach semi-automation via storing the business aspects, aggregate measures, and prime measures in a database; selection via a user interface, or calculation and conversion via a processor associated with said database and user interface. However, Huang teaches these structural components in the analogous art of supply chain management systems, readily capable of performing the recited functions (Huang, Figs. 1–2, refs. 12, 14, 18, 20, and 24; col. 4, line 45—col. 6, line 8). Furthermore, merely providing an automatic means, namely a computer and its standard components, operating a computer program embodied on a computer readable medium, to replace a manual activity which accomplishes the same result is not sufficient to distinguish over the prior art. *In re Venner*, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). It would have been obvious to one having ordinary skill in the art to modify SCOR in view of Morgan further in view of Sheets to include the teaching of Huang for the benefits of enhanced processing time and a resultant reduction of necessary time and resources, as well as providing a user friendly environment that facilitates and expedites the analysis of a company's business processes.

7. Claims 2–6 recite limitations that stand rejected via the art citations and rationale applied to claim 1 as discussed above.

8. As per claim 7, SCOR teaches calculating a value of at least one of said prime measures to provide an indication of said business performance (*see* discussion *supra* ¶ 6) but does not do so from selected subsets. SCOR does not explicitly teach wherein a subset of said plurality of prime measures is selected for each respective aggregate measure which best defines that aggregate measure for said business. First, Official Notice was taken in the previous office action, and not since traversed, that selecting a subset of entities representing the best from the whole, taking the cream of the crop so to speak, is an old and well known technique in the art. Second, Morgan teaches this limitation in its monthly focus on category 1 and category 2 metrics versus periodic reporting of category 3 and removal of category 4 from the analysis (Morgan, pg. 736–37, Clarifying Expectations). It would have been obvious to one having ordinary skill in the art at the time of the invention to modify SCOR to include this teaching, producing a predictable result that provides the user with a more accurate overall value with which to compare and utilize for prospective decision making.

9. As per claim 8, the cited prior art does not explicitly teach wherein: said selected subset of prime measures for each aggregate measure comprises between five and nine prime measures. However, selecting a subset of between 5 and 9 measures would have been obvious to try because a person of ordinary skill has good reason to pursue known options within his or her technical grasp, such as experimenting with different sizes and combinations of subsets of optimal performance measures in order to find the most effective and realistic overall combination.

10. Claim 9 recites limitations that stand rejected via the art citations and rationale applied to claim 8 as discussed above.

11. As per claim 10, SCOR teaches at least one industry standard prime measure (Bolstorff, pg. 23, The Scorecard Template, col. 5, Benchmark Sources, for example, listing the different calculation methods of profitability metrics such as gross margin, operating income, net operating income, economic profit, which include industry standard bases. Morgan teaches summation of performance measures (*see* discussion *supra* ¶ 6) but neither explicitly adds said industry standard measures to at least one of said selected subsets of prime measures. However, Official Notice is taken that it was old and well known in the art to apply standardized values to metrics in calculating an overall composite value. It would have been obvious to one having ordinary skill in the art at the time of the invention to modify SCOR in view of Morgan to include the teaching of Official Notice, producing a predictable result that provides the user an enhanced view of overall process performance that incorporates generally accepted standards so as to make the result more universally reliable for comparison across enterprises.

12. Claim 11 recites limitations that stand rejected via the art citations and rationale applied to claim 1 as discussed above.

13. As per claim 12, SCOR teaches wherein said plurality of business aspects comprises at least a demand management aspect (Bolstorff, pg. 23, The ScorCard

Template, Shareholder Facing, Profitability, Effectiveness of Return, Share, etc), a supply management aspect (*id.* Internal Facing—Supply Chain Cost, Supply Chain Asset Management Efficiency), and a support services aspect (*id.* Customer Facing—Supply Chain Delivery Reliability, Supply Chain Responsiveness, Supply Chain Flexibility).

14. Claims 13–14 list a number of aggregate measures for each business aspect, demand management, supply management, and support services, and associate subsets of prime measures for each aggregate measure. First, all of the enumerated types of measures in these two claims are considered nonfunctional descriptive material and should not be given patentable weight. Nonfunctional descriptive material cannot lend patentability to an invention that would otherwise have been anticipated by the prior art. Claiming different types of measures without a functionally different application amounts to mere labeling of data and does not functionally relate to the substrate of the method. See MPEP 2106.01 [R-5]. When descriptive material is not functionally related to the substrate, the descriptive material will not distinguish the invention from the prior art in terms of patentability (see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994)). Moreover, Official Notice is taken that (1) the plurality of aggregate measures including a market responsiveness aggregate measure, a sales effectiveness aggregate measure, a product development effectiveness aggregate measure; a customer responsiveness aggregate measure, a supplier effectiveness aggregate measure, an operational efficiency aggregate measure; a human resources responsiveness aggregate measure, an information technology responsiveness aggregate measure, and a finance and regulatory

responsiveness aggregate measure; and (2) the plurality of prime measures including target market index, market coverage index, market share index, opportunity/threat index, product portfolio index, channel profitability index, configurability index; sales opportunity index, sales cycle index, sales close index, sales price index, cost of sales index, forecast accuracy, and customer retention index; new products index, feature function index, time to market index, research and development success index; on-time delivery, order fill rate, material quality, service accuracy, service performance, customer care performance, agreement effectiveness, transformation ratio; supplier on-time delivery, supplier order fill rate, supplier material quality, supplier service accuracy, supplier service performance, supplier care performance, supplier agreement effectiveness, supplier transformation ratio; cash-to-cash cycle time, conversion cost, asset utilization, sigma value; recruitment effectiveness index, benefits administration index, skills inventory index, employee training index, human resources advisory index, human resources total cost index; systems performance, IT support performance, partnership ratio, service level effectiveness, new projects index, IT total cost index; compliance index, accuracy index, advisory index, and cost of service index were old and well known in the art at the time of the invention. It would have been obvious to one having ordinary skill in the art at the time of the invention to modify the cited prior art to include the teaching of Official Notice for the benefit of providing a more robust performance metric analysis. Finally, merely changing the organizational configuration of said measures (such as putting certain measures in the demand category, and others in the supply category, etc) would have been obvious to one of ordinary skill in the art, providing a predictable result of a better organized measurement scheme.

15. As per claims 15–23, Applicant claims that changes in particular prime measures causes a change in at least one other particular prime measure. Essentially, particularized variable or measure dependency is being claimed, applied in a particular configuration. Official Notice is taken that dependency relationships among variables or measures were old and well known in the art at the time of the invention, providing the benefit of enhanced insight and analysis into the properties of each particular metric and its importance with respect to other variables. Furthermore, since each individual element and its function are either shown in the prior art or old and well known, the difference between the claimed subject matter and the prior art rests not on any individual element or function but in the very combination itself--that is in the particular relationships between recited prime measures, produces a predictable result that renders the claim obvious for the benefit of a more robust performance metric analysis.

16. As per claims 24–54, Examiner posits that applying well known mathematical operators and techniques, such as adding (e.g., calendaring by month), subtracting, dividing, and multiplying, bounding, calculating quotients and plotting on a grid to old and well known and readily available and/or calculable measures [in addition to the well known measures listed above—target market industries, market size, market growth rate, revenue existent countries, total revenue (derived from various financial entities), market share index, competitor identification, gross margin, annual revenue growth rates, skill set requirements, number of new component items, bill of materials, service availability in hours, number of customer (care, service) requests, customer satisfaction rates, existent

and prospective customer contracts and engagements, supplier and business requests, recruitment time and cost, HR timeline information, number of employee skills, employee position information, HR project information, number of planned strategic initiatives, system availability expected and actual, support requests, existing and prospective project data, filings and transactional data] to calculate particular performance indices would have been obvious to one having ordinary skill in the art at the time of the invention, producing a predictable result that enhances the accuracy, reliability and comprehensiveness of the overall performance measure.

17. As per claim 55, SCOR teaches: applying at least one of said prime measures to at least one of return on investment analysis, linking vision to action, IT to business alignment, external reporting, strategic alliances, due diligence, incentive compensation plans, business activity monitoring, monitoring service level agreements, and supplier ratings (Bolstorff, pg. 23, The Scorecard Template, Shareholder Facing, Effectiveness of Return, Return on Investment).

18. Claims 56, and 57, recite limitations that stand rejected via the art citations and rationale applied to claim 1 as discussed above.

19. As per claim 58, SCOR teaches externally reporting at least one of said calculated prime measures (pg. 25, How many SCORcards, discussing reporting capabilities of companies using prime performance measures).

20. Claim 60 recites limitations that stand rejected via the art citations and rationale applied to claim 1 as discussed above.

Response to Arguments

21. Applicant's arguments with respect to claims 1–58 and 60 have been considered but are moot in view of the new ground(s) of rejection.

22. Regarding the claimed invention, Applicant has failed to rebut Examiner's Official Notice that it was old and well known in the art at the time of the invention (1) to multiply individual values to calculate an overall composite value, (2) to apply standardized values to metrics in calculating an overall composite value, and (3) to select a subset of entities representing the best from the whole, taking the cream of the crop so to speak. This also applies to Examiner's Official Notice of (4) the plurality of aggregate measures including a market responsiveness aggregate measure, a sales effectiveness aggregate measure, a product development effectiveness aggregate measure; a customer responsiveness aggregate measure, a supplier effectiveness aggregate measure, an operational efficiency aggregate measure; a human resources responsiveness aggregate measure, an information technology responsiveness aggregate measure, and a finance and regulatory responsiveness aggregate measure; (5) the plurality of prime measures including target market index, market coverage index, market share index, opportunity/threat index, product portfolio index, channel profitability index, configurability index; sales opportunity index, sales cycle index, sales close index, sales price index, cost of sales index, forecast accuracy, and customer retention index; new products index, feature function index, time to market index, research and development success index; on-time delivery, order fill rate, material quality, service accuracy, service

performance, customer care performance, agreement effectiveness, transformation ratio; supplier on-time delivery, supplier order fill rate, supplier material quality, supplier service accuracy, supplier service performance, supplier care performance, supplier agreement effectiveness, supplier transformation ratio; cash-to-cash cycle time, conversion cost, asset utilization, sigma value; recruitment effectiveness index, benefits administration index, skills inventory index, employee training index, human resources advisory index, human resources total cost index; systems performance, IT support performance, partnership ratio, service level effectiveness, new projects index, IT total cost index; compliance index, accuracy index, advisory index, and cost of service index; (6) the notion of dependency relationships among variables or measures; and (7) mathematical operators and techniques, such as adding (e.g., calendaring by month), subtracting, dividing, and multiplying, bounding, calculating quotients and plotting on a grid. Examiner notes the following discussion of Official Notice taken from the MPEP:

To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also *Chevenard*, 139 F.2d at 713, 60 USPQ at 241 (“[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention.”). A general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official notice would be inadequate. If applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 (“[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings” to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2). If applicant does not traverse the examiner's assertion of official

notice or applicant's traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate. (MPEP § 2144.03(C))

Applicant has not "specifically point[ed] out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art." For this reason, the above limitations are taken to be admitted prior art.

Conclusion

23. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JUSTIN M. PATS whose telephone number is (571)270-1363. The examiner can normally be reached on Monday through Friday, 8:00am - 5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Beth Boswell can be reached on 571-272-6737. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Justin M Pats/
Examiner, Art Unit 3623

/Andre Boyce/
Primary Examiner, Art Unit 3623